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Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

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In Re:

Case No. BK-N-11-50084-BTB
Chapter 11

ELKO GOLD MINE, LLC,

Debtor.

**DECLARATION OF JAGMOHAN
DHILLON IN SUPPORT OF MOTION
FOR ORDER (1) AUTHORIZING USE
OF CASH COLLATERAL; and
(2) AUTHORIZING PAYMENT
OF PRE-PETITION WAGES**

Hearing: First Day Motion

I, JAGMOHAN DHILLON, hereby declare under penalty of perjury that the following
assertions are true:

1. That I am the managing member of the Debtor, Elko Gold Mine, LLC.
2. I have personal knowledge of the facts set forth herein, and if called to testify
would be competent to testify regarding the same.
3. The Debtor's property is a hotel operating under the name of Best Western
Elko Inn. It is comprised of 108 rooms on approximately two acres located at 1930 Idaho
Street, Elko, Nevada (the "Property").
4. The Property is subject to two secured liens, the first in favor of the City of
Elko for real property taxes in the approximate amount of \$135,683.00, and the second in the
favor of Excel National Bank (the "Bank") in the amount of \$4,955,409.00. Prior to the

1 commencement of the Chapter 11 case, the Debtor was in default in payments to the Bank.
2 Although I attempted to reach an agreement with the Bank, was unable to do so.

3 5. Prior to filing this Chapter 11 petition, the Property suffered a decrease in room
4 occupancy, primarily in 2009, and continuing on through the early part of 2010. In addition,
5 in 2009, the Bank had agreed to provide additional financing to pay off certain debts of the
6 Debtor, and to complete certain improvements on the Property. The funding was never
7 completed, and it is my belief that the Bank breached its agreement to do so.

8 6. Attached as Exhibit "A" to the Motion For Order (1) Authorizing Use Of Cash
9 Collateral; and (2) Authorizing Payment Of Pre-Petition Wages (the "Motion"), and attached
10 to this Declaration as well, is our projected budget for the next twelve months (the
11 "Budget"). The basis for this Budget is historical information and projected slight increase
12 in room occupancy, which seems to be consistent with recent operations. I believe the items
13 in the Budget for the most part are self explanatory. Professional legal fees refers to legal
14 expenses for chapter 11 counsel. I realize that such request may be subject to Bank approval.
15 The management fee payable to Dhillon Management, LLC is compensation for payroll
16 preparation and supervision, federal and state tax returns and reports, payment of accounts
17 payable, collection of accounts receivable, supplies and freight, and oversight and
18 supervision of employees. Dhillon Management, LLC is owned by Jaspre Dhillon, and I am
19 the managing member.

20 7. At the time of filing of the petition, we were in between payroll payment dates,
21 which are normally made on the Friday of every other week. When the petition was filed on
22 Monday, January 10th, there had been 10 days of payroll earned by employees. There are
23 currently 19 employees of the Property. Attached to the Motion as Exhibit "B" is a list of
24 the employees, and the portion of the salaries that were earned pre-petition, which was
25 prepared under my supervision. It is critical to the operation of the business to maintain the
26 continued services of its employees. Failure to pay any of the pre-petition wage claims will
27 result in serious disruption of the business.

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